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Latin America Review

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5 October 1984

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**Latin America
Review**

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*Articles have been coordinated as appropriate with other offices within CIA.
Comments and queries regarding this publication may be directed to the Chief,
Production Staff, Office of African and Latin American Analysis*

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Articles

Uruguay: The Future of the Left

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The Uruguayan left has stepped up its activities sharply to take advantage of the opening of the political system and the anticipated return to civilian rule next year. The presidential, congressional, and municipal elections scheduled for 25 November offer leftist organizations an opportunity to demonstrate their appeal to the electorate, to emerge from the shadow of the traditionally dominant Blanco and Colorado Parties, and to gain a share of power after more than a decade under military regimes. Internal squabbling, however, may erode their ability to win votes and cooperate after the election. Moreover, the anti-Communist armed forces will continue to define the limits of acceptable political behavior.

The Broad Front

The Broad Front—a leftist coalition that includes the Communists, Socialists, Christian Democrats, splinter factions of the Colorado and Blanco Parties, and several other groups—is positioning itself to score impressive gains in the balloting next month. Public opinion polls indicate that the Front will do well in Montevideo, a traditional center of leftist strength that contains nearly 50 percent of the national population. In the country's last elections in 1971, the Broad Front polled over 18 percent of the vote nationally and almost captured the mayoralty of the capital.

Despite internal disagreements, the Front participated with other political parties in negotiations with the armed forces. In August it also signed the resulting civil-military accord that established the conditions for a return to civilian rule.

organization's leaders took this course to obtain the release of many incarcerated militants and to pave the

way for the Front's participation in the new democratic system.

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US Embassy reporting indicates that organizing efforts have benefited greatly from the military's subsequent release of Broad Front chief Liber Seregni, who spent eight years in prison, and the lifting of political restrictions on more than 7,000 members. We believe the armed forces are deliberately facilitating the Front's surge, up to a point, to draw votes away from the center-left Blancos and aid the Colorado Party. To keep the tactic under control, some 3,500 additional members of the Front remain under proscription and consequently are ineligible to run for office.

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Although still outlawed, the Uruguayan Communist Party is parlaying its role in the coalition into greater influence in national politics—but at the cost of aggravating tensions with some of its allies.

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The Blanco Party

The Blanco Party, long a conservative grouping based in the rural interior, has moved left of center during the last two decades. Its transformation stems partly

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Broad Front chief Liber Seregni *Ultimas Noticias* ©



Blanco Party official Juan Raul Ferreira *La Prensa* ©

from the ascendance of Wilson Ferreira, a charismatic leader who narrowly lost the presidential election in 1971. Jailed by the military on returning from an 11-year exile in June, Ferreira was forced to resign as a Blanco presidential candidate. He chose his substitute, however, and, [redacted]

[redacted] is orchestrating the party's campaign effort from his prison cell. [redacted]

[redacted] Ferreira devised the strategy of contrasting the party's antimilitary image with its rivals' accommodation with the armed forces. [redacted]

The US Embassy reports that the party chief's son—Juan Raul Ferreira, a 31-year-old leftist—became a major Blanco powerbroker during the party convention in August. The younger Ferreira earlier headed the now-disbanded Democratic Convergence, a leftwing, antimilitary group that had been part of the Broad Front. According to press [redacted]

[redacted] he currently maintains close relations with a coalition of leftist student, labor, and business groups. [redacted]

Juan Raul Ferreira's efforts to move the Blancos leftward have seriously divided the party. His exclusion of longtime party stalwarts from Blanco electoral lists in favor of young radicals has alienated many party leaders. [redacted]

[redacted] Late last month, the head of the Blanco conservative faction—who also is one of the party's three presidential candidates—publicly blasted the younger Ferreira as a leftist usurper and

called for a return to traditional Blanco principles. [redacted]

Outlook

Although the more conservative Colorado Party leads in the presidential race, we believe the left is likely to be a major force under the civilian regime. In our opinion, the Broad Front has a good chance to win the mayoralty of Montevideo as well as a number of legislative seats. Likewise, the Blancos are likely to gain a significant share of power in the Congress even if they lose the presidential race. [redacted]

We believe a victorious Colorado Party would confront determined and potentially debilitating opposition from the left. The Blancos probably would dispute the legitimacy of a Colorado victory by continuing to paint the civil-military accord as a sellout to the armed forces. The Broad Front and some Blanco factions also might unite in Congress to block Colorado initiatives and might incite labor strikes and civil disruption. In the face of such obstructionist tactics, a Colorado administration would be hard pressed to establish its authority and undertake a coherent legislative program. [redacted]

The military will remain the most important check on the behavior of the left. Concerned by the Blancos' intransigence and the Communists' growing influence, the armed forces will monitor the political scene carefully. Although the Broad Front may be

cautious in pushing radical programs to avoid antagonizing the generals, the Blancos have shown no inclination thus far to softpedal their antimilitary line.

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Eager as they are to return to the barracks, the armed forces are unlikely to tolerate investigations into military abuses and corruption or other assaults on their image and prerogatives. Moreover, a resumption of urban terrorism, radical policy changes, or widespread disorder could lead the military to seize power again. The generals probably will give the left enough rope to hang itself, as long as their own hands remain on the trapdoor lever.

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Bolivia: Coca Cultivation Areas



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Bolivia: Antinarcotics Efforts in the Chapare

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Government force's occupation of the Chapare, the country's principal coca-growing region, is the first major effort by President Siles to combat the influence of narcotics traffickers. The initiative is only an initial step in what will be a long and difficult process. We believe that domestic constraints and the magnitude of the problem make significant advances against the narcotics industry unlikely over the next year.

Background

Over the past decade, Bolivia's narcotics industry has expanded to the point that it is now the source of approximately half of the cocaine illegally imported into the United States. Major factors for this growth are the impact of international demand for cocaine on the cultivation patterns of Bolivian peasants and the inability of the country's political institutions to withstand the corrupting influence of narcotics traffickers.

Bolivia provides a hospitable environment for narcotics trafficking because coca has been used by peasants there for centuries to help alleviate feelings of cold, hunger, and fatigue. Nevertheless, only in recent years have peasants embarked on large-scale cultivation for the illicit international narcotics market. The Garcia Meza regime, which ruled from 1980 to 1981, gave a major boost to traffickers by allowing them to expand operations and by spreading corruption through all levels of government. The traffickers gained additional time to solidify their positions because succeeding military governments lacked the strength and determination to tackle the problem.

As Bolivia grew in importance as an international producer and exporter of illicit coca paste and base, the Chapare became the center of the country's coca production. Practically uninhabited before the government initiated land colonization projects in the

mid-1960s, the Chapare became a magnet for coca farmers because its soil is ideal for producing high-yielding coca plants. Moreover, the area's remoteness facilitated the creation of a drug empire free from close government supervision. By early this year, the US Embassy estimated that the Chapare was producing 80 percent of Bolivia's coca, including more than 90 percent of the cocaine products sold abroad.

Siles's Approach to the Narcotics Problem

The Siles administration has been slow to deal with the burgeoning narcotics problem. Soon after Siles took office in October 1982, he attempted to strengthen security in the Chapare, but backed off after coca-growing peasants led by local traffickers evicted the narcotics police. Discouraged by this initial failure and preoccupied with economic and political difficulties, the government made little effort on the narcotics front for nearly a year. In August 1983, however, Siles—prodded by the US Embassy—signed a narcotics control agreement with the United States that called for reducing coca production and established a special narcotics police force. The government originally planned to send this police unit into the Chapare last December, according to the US Embassy, but delayed until this summer when it finally responded to US demarches and entreaties from officials of the Catholic Church.

On 31 July, Siles declared the Chapare a military zone and gave control of antinarcotics operations to the army commander in Cochabamba. To guard against unnecessary violence, government representatives spent several days negotiating with local campesino groups, but the publicity that resulted from these discussions gave the traffickers ample advance warning. When the strike force of 1,200

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military personnel and 310 narcotics police arrived on 10 August, some 2,000 traffickers either had left the Chapare or had closed down their operations.

[redacted]
Press reports indicate that as many as 30,000 farmers also had fled the region. [redacted]

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While the operation resulted in few arrests, it, at least, temporarily disrupted trafficking patterns and enabled the government to reestablish its presence in the Chapare. Siles has assured the US Embassy that he will keep a large military presence there until approximately mid-November, and the pacification of the region may enable him to fulfill his pledge to redeploy the narcotics police to adjoining Yungas region. In addition, government forces followed up the Chapare operation with raids in neighboring Beni Province, where most of Bolivia's coca paste is processed for shipment abroad. They were able to capture 380 kilos of cocaine base and three light planes belonging to traffickers, according to press reports. [redacted]

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Outlook

In our view, the Chapare operation is the first clear-cut indication that the Siles government is willing to take seriously US concerns about Bolivia's massive narcotics problem. Nevertheless, even with persistent US prodding, we believe that continued progress will be halting. This is so because in no other country in Latin America is the corrupting influence of drug traffickers more pervasive or the societal attitude toward coca cultivation more permissive. Moreover, Siles probably will be too preoccupied with issues more critical to his political survival to make the antinarcotics effort a major priority. The reluctance of senior military officers to be drawn into the struggle against drug traffickers— [redacted]
[redacted]—will further militate against decisive action.

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**Panama's New President:
Limited Authority** [redacted]

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Economist and technocrat Nicolas (Nicky) Ardito Barletta was elected President last May in Panama's first national election in 16 years and will be inaugurated on 11 October. He was handpicked by General Noriega, commander of the Panamanian Defense Forces (PDF), the country's ruling authority, as a person with whom the military could work:

[redacted]

Barletta also owes his victory in the election [redacted] to the ruling Democratic Revolutionary Party (PRD), the major coalition component that controls the legislature. We believe that Barletta, who lacks a decisive mandate, will be hampered in his policymaking efforts by those two powerful institutions and possibly will not complete his five-year term [redacted]

[redacted] friction has already surfaced between Barletta and Noriega as a consequence of the President-elect's initial efforts to establish his own authority. [redacted]

Constraints on the President

Barletta has never been closely associated with any political party in Panama and joined the broad-based PRD in early 1984 only after becoming the coalition's candidate. The party's dominant left-of-center element, however, views Barletta as a member of the oligarchy. Because of his weak power base in the party, his lack of broad popular support, and the historically strong influence of the military, we believe that Barletta probably will be pressed into accepting PRD political demands that are at odds with his more conservative views. [redacted]

Barletta has already run into problems with both Noriega and the party. During the campaign, he coordinated major policy decisions with the military

leadership, [redacted]

[redacted]

[redacted] he has since tried to act independently and, in consequence, has clashed with Noriega. [redacted]

[redacted]

The new President's effectiveness will also likely be limited by his lack of popularity. In his previous government positions, he did not cultivate widespread public support, nor has he demonstrated any notable political skills. The reaction to his election has been largely negative, as indicated in recent press cartoons that have depicted him as a front man for the military. [redacted]

Barletta has earned respect at home and abroad, however, for his honesty and competence as a national and international public servant. [redacted]

[redacted]

[redacted]

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Brazil: New Population Policy

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Brazil is abandoning its traditional indifference to the problem of rapid population growth because of changing public attitudes and the prolonged economic recession. Many Brazilians who have moved to the city or into the middle class have become interested in limiting the size of their families. At the same time, growing awareness of widespread poverty has undermined the Brazilian elite's conviction that a large population would boost national development. Many in these groups now believe that massive increases in population and the labor force will hamper efforts to improve living standards. As a result, use of contraceptives has become common in all social classes, and the government—reversing its longstanding policy—has launched an official family planning program. Nonetheless, we do not expect such efforts to enhance per capita income significantly before the end of the century.

Shifting Attitudes

Brazil's ruling elites, according to a recent study, historically have been more concerned with populating sparsely settled regions, securing cheap labor, and expanding domestic markets than with the problems created by rapid population growth. Many Brazilians also have believed that a larger population would help fulfill their country's aspirations to become a world power. These attitudes were reinforced, in our judgment, by Brazil's high economic growth, especially during the 1970s, when living conditions improved for most social groups. In addition, according to the press, leftist activists and elements of the Catholic Church denied the existence of a "population problem" and proposed to cure poverty through redistribution of the nation's wealth.

Changes in Brazilian society increasingly have altered these perceptions, according to press. Owing in part to large-scale urban migration, over half of Brazil's population now lives in cities of at least 20,000, where many find large families to be

Brazil: Estimated Population and Labor Force, 1950-2000

Million persons

Year	Total Population	Labor Force
1950	53	17
1960	72	23
1970	96	30
1980	122	44
1990	154 ^a	58
2000	190 ^a	73

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more of a burden than an asset. Expansion of the middle class, which we estimate now accounts for 20 percent of the population, also has contributed to growing interest in and demand for family planning. Beyond this, the political liberalization begun in the 1970s has enhanced public awareness of a "social debt"—poverty, malnutrition, illiteracy, inadequacy of basic services—that is partly attributable to rapid population growth.

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Population Momentum

Contributing to these changes in attitude is the concern that population growth, although slowing, will continue into the distant future and dilute the benefits of economic development. Brazil's annual rate of population increase has dropped over the past 20 years from 3 percent to about 2.3 percent, according to the US Bureau of the Census, and the average number of children born per woman has dropped from six to less than four. Several studies

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dropped from six to less than four. Several studies anticipate a further decline before the end of the century, but they agree that by the year 2000 the number of Brazilians—currently about 134 million—will have grown by around 50 million because so many women are in or about to enter childbearing age. []

The labor force almost certainly will grow more rapidly than the general population, hampering efforts to reduce unemployment and underemployment, which we currently estimate at 25 percent or more. According to a recent study, plausible average economic growth of 4 percent over the next few years would create only about 950,000 new jobs annually, far less than the 1.3 million persons added to the work force each year. The chief of the Brazilian census institute recently told the press that the economy would have to grow at an annual rate of at least 8 percent—twice as fast as we foresee—to reduce unemployment substantially. The study also indicates that new jobs are likely to be concentrated in lower paying occupations, such as domestic service and small-scale trade. Even with the improved economic performance that the study anticipates in the 1990s, job creation at that time will barely keep pace with increases in the labor force. []

Spread of Birth Control

As a consequence of these societal changes and the government's slowness in responding, promoting limitation of family size has fallen to the private sector. Since the 1960s, according to the press, private physicians and commercial distributors have increasingly made contraceptives available to middle- and upper-class women. In addition, an internationally funded organization has provided contraceptives to growing numbers of the poor. Abortion is illegal under most circumstances, but press accounts indicate it is widely practiced. []

These developments have been largely responsible for the decline in Brazil's fertility and population growth rates. [] contraceptive usage among married women of childbearing age may be as high as 50 percent, ranging from about one-fourth in depressed rural areas to nearly two-thirds in the economically developed, highly urbanized state of Sao Paulo. Abortions—as many as several million annually, according to press sources—nearly equal the number of live births. []

Policy Turnabout

Through the 1970s, the military government generally tolerated privately sponsored family planning activities, but had no population control programs of its own. Over the past few years, the regime has reversed its attitude as a result of the changes in public attitudes and the economic recession. This year it launched an official family planning program and has begun distributing contraceptive materials and information through the many existing hospitals and public clinics. The multimillion dollar program is designed to provide a wide range of health care services to women of childbearing age. Brazilian officials also advocated this new approach at an international population conference in August. []

The armed forces chief of staff recently spoke out in favor of a federal policy on population, in part because the Army has found it must reject nearly half of its recruits for physical defects resulting from malnutrition. Priority topics at the military's Superior War College this year include population policy, underemployment and unemployment, and urban migration. []

Outlook

The growing use of privately distributed contraceptives suggests that most Brazilians will welcome or at least accept the new government program. We doubt that Catholic Church strictures against some contraceptive methods—already widely ignored—or the opposition of the extreme left will raise significant obstacles to the program's implementation. Furthermore, published polls show that a large majority of urban Brazilians favor birth control, indicating a potential for increased demand. []

Although more widespread family planning would significantly reduce Brazil's demographic expansion in the long run, the new program can do little to improve the welfare of the average Brazilian before the end of the century. With GDP likely to grow only slightly faster than population and labor force, we believe that increases in per capita income before the year 2000 will be small compared with the rapid gains of the past. []

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**Latin America
 Briefs**

Peru	Problems With IMF <input type="text"/>	25X1
	<p>Peru's difficulties with the IMF are threatening its financial rescue program. The IMF representative in Lima has told US Embassy officials that Peru will be ineligible to draw further on the standby loan signed last April. The US Embassy reports that the projected fiscal deficit more than doubles the 4.1-percent IMF target set in April. We believe President Belaunde will have great difficulty reconciling differences with the Fund. Popular demands to relax austerity make either large tax increases or sharp cuts in spending politically risky, especially with elections scheduled for April 1985. <input type="text"/></p>	25X1
	<p>An impasse with the IMF will erode Lima's ability to obtain foreign financial support. We believe that failure to reconcile with the IMF will stall the pending commercial debt refinancing package and will cut access to \$100 million in embargoed foreign bank credit. <input type="text"/></p> <div data-bbox="552 982 1495 1094" style="border: 1px solid black; height: 50px; width: 100%;"></div>	25X1
Mexico	Military Austerity <input type="text"/>	25X1
	<p>The Mexican military is coming through the current severe financial crisis in better shape than most observers expected. Military leaders have cushioned defense cutbacks by publicly supporting President de la Madrid's austerity program while quietly maneuvering for traditional pay and manpower benefits. Government worries about domestic unrest, oilfield vulnerability, and the potential spillover of instability from Central America have encouraged a more active military role in domestic security affairs, although defense leaders do not play a key role in policy formulation. <input type="text"/></p>	25X1
	<p>De la Madrid's efforts to rescue the Mexican economy and restore confidence in the government have been aided by the strong endorsement of his policies by the armed forces. Secretary of Defense Arevalo responded to belt tightening by sharply reducing imports, suspending many defense construction projects, and limiting training to save on fuel and ammunition. <input type="text"/></p>	25X1
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Cuba

Sugar Outlook

Cuba continues to set ambitious sugar production targets despite adverse conditions locally and a world glut that has sent prices to 13-year lows. Production in 1983/84—a near-record high of 8.2 million metric tons—still fell short of the target largely because of equipment failures, fertilizer shortages, and unseasonal rains. Owing to premature harvesting of seed cane last year, delayed planting of new cane this year, and the spread of cane diseases, output in 1984/85 probably will fall well below the 10-million-ton target. Moreover, Havana's highly touted goal of 12 million tons by 1990 is regarded by most industry analysts as an overly optimistic propaganda ploy. [redacted]

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Havana's apparent decision to devote massive resources toward sugar production over the next few years probably was influenced heavily by Moscow and is likely to be reflected in the 1986-90 CEMA plans now under consideration. The Soviet Union—which imports more than half of Cuban's total sugar exports at a premium price—reportedly rebuffed Havana's longstanding desire to cut its economic dependence on sugar before the CEMA summit last June. [redacted]

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Costa Rica

Labor Unrest [redacted]

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After some two months, the Communist-inspired banana workers' strike against United Brands in southwestern Costa Rica collapsed when [redacted] the Communist Party failed to line up sufficient financial and other tangible support for the strikers. Striking workers reportedly began to fear losing their jobs and to believe government charges that the Communists were using their union strictly for political reasons. Although the stoppage failed to trigger sympathy strikes or lead to armed insurrection as the radical left had hoped, it was the longest strike in Costa Rican history and cost several million dollars in lost revenues and taxes. According to the US Embassy, President Monge is concerned about further leftist labor agitation and plans to counter the Communist influence by funding rival labor and political activity. [redacted]

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